

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 569
Ways and Means

(Cecil County Delegation)

Budget and Taxation

Cecil County - Tax Sales - Auctioneer's Fee

This emergency bill provides that in Cecil County the auctioneer's fee for property sold in a tax sale is \$7.50 for each property sold.

Fiscal Summary

State Effect: None.

Local Effect: None. Auctioneer fees are paid by bidders for property liens.

Small Business Effect: Minimal.

Analysis

Current Law: The auctioneer's fee for properties sold at a tax sale auction in Cecil County is set at \$10 on a day when three or fewer properties are sold and \$3 per property on a day when four or more properties are sold. As a matter of practice, more than four properties are sold each day of the tax sale, which limits the auctioneer's fee to \$3 per property.

Background: When a property is purchased at a tax sale, the purchaser must pay to the tax collector any delinquent taxes, penalties, sale expenses, and under certain conditions, a high bid premium. The remainder of the purchase price is not paid to the collector until the purchaser forecloses on the property. The property owner has the right to redeem the property within six months from the date of the tax sale by paying the delinquent taxes, penalties, interest, and certain expenses of the purchaser. If the owner redeems the

certificate, the purchaser is refunded the amounts paid to the collector plus the interest and expenses. If the owner does not redeem the certificate, the purchaser has the right to foreclose on the property after the six-month right of redemption period has passed. Generally within two years, if the right to foreclose is not exercised by the purchaser, the certificate is void and the purchaser is not entitled to a refund of any monies paid to the collector.

Cecil County tax sales occur in May and June of each year.

Local Fiscal Effect: Cecil County must contract with an auctioneer to conduct a tax sale auction, with the auctioneer receiving \$3 per property. The county advises that it needs the ability to raise the auctioneer's fee in order to secure a qualified vendor. As is the case currently, there would be no costs associated with the auctioneer's contract. The auctioneer's fee is paid by bidders for property liens.

Additional Information

Prior Introductions: None.

Cross File: SB 457 (Cecil County Senators) – Budget and Taxation.

Information Source(s): Cecil County, Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2005
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